



Office of the City Clerk

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Legislation Text

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Committee on Finance City Council

Meeting December 18, 2019

RESOLUTION

WHEREAS, The City of Chicago is committed to reducing poverty and increasing the middle class in our great City by raising wages, boosting family income, and adopting progressive revenue-collection strategies; and

WHEREAS, The Earned Income Tax Credit ("EITC"), enacted by the federal government in 1975, is one of the most effective anti-poverty programs in the United States; and

WHEREAS, The EITC boosts the income of working families earning low wages by offsetting their income and payroll taxes, thereby incentivizing workforce participation. It enables low- and moderate-income families to keep more of what they earn, and to supplement the loss of wages that can result from a reduction in hours or from layoffs. Illinois's EITC builds on the success of the federal EITC by reducing state income taxes, thereby helping families pay their state and local sales and property taxes, which hit lower-income working families the hardest; and

WHEREAS, In our great City, no family with children and one full-time minimum wage worker should live in poverty. The EITC reflects an understanding that a majority of poor families are poor despite work, and that working families with incomes below or just above the federal poverty line need help to make ends meet and to make work pay; and

WHEREAS, The EITC rewards work. Research indicates that EITC-eligible families use their tax savings to pay for necessities, make home repairs, maintain vehicles that are needed to commute to work, and, in some cases, to obtain additional education or training to enhance their employability and earning power; and

WHEREAS, In 2017, the EITC lifted 5.7 million people out of poverty nationally, including approximately 3 million children; and it reduced the severity of poverty for another 19.5 million people, including 7.3 million children; and

WHEREAS, An estimated 546,000 Chicagoans, or 22 percent of Chicago households, are eligible to receive the EITC; and an estimated 276,000 children live in these households, representing 40 percent of all Chicago children; and

WHEREAS, Approximately 20 percent of eligible Chicago taxpayers do not take advantage of the EITC. A 5 percent increase in claims for this tax credit among eligible Chicagoans will likely cover an additional 19,000 families and generate more than \$52 million in economic benefits to these families; and

WHEREAS, Education and expanded outreach to EITC-eligible families will ensure that eligible families claim the EITC tax benefit that they have earned and are entitled to receive; and

WHEREAS, Chicago recently enacted legislation increasing the City's minimum wage to \$15 by 2021. Evidence is clear that pairing a minimum wage increase with expanded use of the EITC will lift more Chicagoans out of poverty and grow family income; now, therefore.

Scott Waguespack
Alderman. 32nd Ward

BE IT RESOLVED, That we, the Mayor and Members of the City Council of the City of Chicago, assembled this eighteenth day of December, 2019, do hereby request the Committee on Finance to hold an informational hearing on the impact of the EITC on Chicago families, with a view toward eliciting recommendations to expand its use by more Chicago families and continuing our collective efforts to improve the quality of life and financial well-being of all persons working in Chicago; and to call upon appropriate persons to testify relative to this matter.